

17 DEC 1958

Withdrawal of Voluntary Contributions
to the
Retirement Fund

The Civil Service Retirement Act permits employees to buy extra retirement annuity by making voluntary contributions in addition to the 6½ percent regularly deducted from their pay. These contributions must be made in multiples of \$25 and the total may not exceed 10 percent of the total basic pay received since August 1, 1920.

Until recently employees were not permitted to withdraw their voluntary contribution accounts unless they left government service or transferred to positions not covered by the Civil Service retirement system. A new law enacted during the last Congress removed this prohibition. The new law recognizes that an employee's needs may change after he has made voluntary contributions, so it now permits him to elect to take a lump-sum refund of any voluntary contributions he has made. An employee who exercises this option must withdraw his total voluntary contribution -- not just a part of it. He may request the payment at any time, and interest on the refund of voluntary contributions will be paid at the rate of 3 percent compounded annually to the date that the Civil Service Commission authorizes payment or date of separation from government service, whichever is earlier.

An employee who elects to take a refund may not make further voluntary contributions while he continues in government service. However, if he becomes absolutely separated from government service and is later reemployed, he regains eligibility to make voluntary contributions.

Voluntary contributions should not be confused with (1) deposits made to cover periods of service for which retirement deductions were not made, (2) redeposits to cover periods for which deductions were made and later refunded, or (3) regular contributions deducted from salaries of employees. The money held in the Retirement Fund for an employee under any one of these three categories is refundable only when an employee leaves government service and applies for a refund at least 31 days before the earliest commencing date of any annuity payment to which he is entitled.

Distribution:

O&I -

1 -

1 - D/Pers Subj. File
1 - D/Pers Reader/Chrono

STATINTL

OD/Pers [] imp (17 Dec 58)